Manpower Evaluation / NY Metro Region

Updated Information as of March 26, 1998 (final)

51843 8265

Source: https://www.industrydocuments.ucsf.edu/docs/fqvp0000

First Half 1997 .... RJR Growth / Second Half 1997 .... Declines started .... What Changed?

- PM added headcount to the city to penetrate LV calls (7-9 people).
  * Sell off the car / primarily promotions (backups)
  * Place Marlboro 4 wide displays / carton free / $20 mo.
  * Place Marlboro POS / PDI .... hit RJR LO/RJRX calls.

- RJR penetrated LV .... share responded ... now PM is in.

- At the same time BAT also added headcount (# unknown) and placed a high priority to get in all low volume. It appears that the typical BAT assignment is made up of half monthly high volume calls and half low volume per BAT SR. They are accountable for all stores in a geographical area with an objective of 12-14 stores on their identified low-volume coverage days (8 identified days per month).

- The advantage that we as a region enjoyed by being in thousands of calls quarterly or every 6 months with no competitive activity in second half 1996 and the first half 1997, has now changed. PM and BAT are now in these accounts.

What factors should be considered when evaluating the changes to manpower and workplan that RJR should make in NYC to regain a competitive advantage?

- Pending FDA regulations .... and most importantly, the exterior advertising ban in the Boro's of NYC to be implemented the end of August 1998. Why are these factors important to our future manpower:

  When you look at our Retail Representative time allocation per retail store with 90% independents, 85% of all discounting implemented at the wholesaler (blackline & sticker program) .... means that currently the majority of the effort spent by a R/R is advertising! When asking all DM's their estimate of how much time is taken in a store by a R/R on placing advertising, the answers ranged from **50% to 60%** of the time in the store.

  * *Boro's of NYC ..... currently 16 Retail Representatives work the area.*
  * *Theoretically, if 50% of a R/R's time is advertising, then after August we will need 50% less Retail Representatives :*

    (16 R/R X 50% = 8 less R/R's).

  Then later, when we have to deal with the FDA regulations, then another reduction in R/R headcount will happen naturally, but not as dramatic as the City assignments due to the fact that the volume chains are located primarily in the areas outside the boro's.

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What is our Plan for 1998 and beyond ..... Two primary factors (headcount & the promotion plan for the City).

- ❑ The first, the complete workplan and the type of promotions being worked in the City .... this is being addressed by the Task-Force.

- ❑ Second is the Manpower mix in the region.

  All divisions are currently taking a truly objective look at their division structure with the following key drivers in mind:

  * *What S/R calls with R/R support now, honestly don't justify two separate people making the call. These are calls with big parking problems, limited advertising, security issues and it would quite honestly be more efficient for the SR just to do the complete job when calling on the store (sell and bring in the promotion, put it in a display and put up supporting advertising ..... then off to the next store on the block!).*

  * *In our Low Volume calls that we're currently calling on quarterly and twice a year ..... how many of these calls do we honestly need to be in more often to make a real difference in our business (Low Volume A-Players).*

  * *In the retail stores selling between 75-100 cartons per week with RJR display contracts (low cost Metro contract), how many of these truly need to be monthly calls due to cash/daily purchases and our product available problems.*

  * *Currently all contracted calls selling 100+ cartons weekly are supported by Retail Representatives. With the advertising ban in NYC later this summer, what volume cutoff should realistically be used to justify a second body (R/R) for implementation. Is 150+ the answer? If not, what should the cutoff be?*

Where early evaluations by the Divisions appear to be going:

- ❑ With the 3 NYC divisions (Queens, Brooklyn, Manhattan), they are recommending a 7 R/R headcount reduction and an increase of 5 to 6 Sales positions.

- ❑ The carton volume that justifies R/R support will go from the current 100+ cartons a week account with a contract, to the 150-160 cartons a week level. All stores under this volume will be worked totally by a Sales Representative.

- ❑ To do this major change, the following must be considered:

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* *Assignments would have to be reset to geographical for each Selling Representative (responsible for ALL calls in a geographical area) vs. the current over-lapping structure of the S/R and T/R assignments. Quite simply to much time would be wasted due to the assignment sizes. It makes good sense, that when a Selling representative is working a neighborhood (and in the majority of the calls doing the selling & implementing), that he/she simply makes all the calls up and down the street ..... high Volume, Low Volume.*

* *This would mean that the average assignment in the city would be made up of:*

> *approx.: 20% of doors will be supported by R/R's (160+ ctns)*
> *approx.: 35% of doors will be (100+ctns) with no support*
> *approx.: 45% of doors will be (less than 100 ctns) w/no support*
> *(20% with R/R support / 80% S/R does it all)*

* *The current Sales Rep and Territory Rep assignments would now become the same ..... a complete sales assignment.*

* *Car Stock in limited quantities will be necessary to deal with the distribution/availability problems associated this the large percentage of retail calls.*

* *Sub-jobbers ..... we have identified approximately 105 SJ's that will be turned over to Sales Representatives with a "Increased" frequency of every 2 weeks. At the same time, we will develop a SJ specific workplan that will be available to ALL sub-jobbers with high execution expectations placed on the Representatives responsible for the accounts. This at the same time will lighten the current workload of the Account Managers, allowing them a little more time to spend with the 60+ largest SJ's in the region.*

What are our expectations if these major changes are implemented?

- ☐ *An enhanced level of penetration ..... not only to additional low-volume calls that we're not getting into now, but also an increased frequency in many stores where we are making a difference now ..... but we're just not there often enough since the competition has stepped up their coverage.*

- ☐ *More doors contacted quarterly ..... we know that if we just walk into a store frequently, we can definitely build our business! More doors ..... increased promotional Civ ..... increased product availability and increased promotion on display Civ.*

- ☐ *Bottomline ..... with the dramatic changes coming to NYC in terms of advertising restrictions and the fact that our R/R's are not tied to couponing and stickering ..... it make good business to begin moving in this direction. This is the best answer in an independent driven market.*

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Current Structure

NY Metro Sales Region

Manh.	Brooklyn	Nassau		Queens		Yonkers		North Jersey		Jersey C.
10 SR's	*10 SR's*	*8 SR's*	*10 RR's*	*12 SR's*	*12 RR's*	*9 SR's*	*9 RR's*	*8 SR's*	*10 RR's*	*9 SR's*

Proposed Now .... "Step #1 in April"

Division #1	Division #2	Division #3		Division #4		Division #5		Division #6		Division #7
Manh.	Brooklyn	Nassau		Queens		Yonkers		North Jersey		Jersey C.
11 SR's	*11 SR's*	*10 SR's*	*8 RR's*	*11 SR's*	*8 RR's*	*10 SR's*	*8 RR's*	*10 SR's*	*8 RR's*	*10 SR's*

Region Recap	Current	Step #1	
Sales Representatives	66	73	(+7)
Retail Representatives	41	32	(-9)
Total Sales & Retail	107	105	(-2)
SR's per Division (7)	9.4 SR's	10.4 SR's	
RR's per Division (4)	10.3 RR's	8.0 RR's	

Proposed "Step #2" when the FDA is implemented

Division #1	Division #2	Division #3		Division #4		Division #5		Division #6		Division #7
Manh.	Brooklyn	Nassau		Queens		Yonkers		North Jersey		Jersey C.
10 SR's	*10 SR's*	*10 SR's*	*7 RR's*	*10 SR's*	*7 RR's*	*10 SR's*	*7 RR's*	*10 SR's*	*6 RR's*	*10 SR's*

Region Recap	Current	Step #2
Sales Representatives	66	73
Retail Representatives	41	27
Total Sales & Retail	107	100
SR's per Division (7)	9.4 SR's	10.4 SR's
RR's per Division (4)	10.3 RR's	6 3/4 RR's

Estimate a reduction of 5 additional R/R's

At this point .... recommend eliminating one RM Operation.

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